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SUBJECT: BULGARIAN ENERGY AMBASSADOR ON NABUCCO ISA

REF: STATE 54469

Classified By: Political Counselor James Bigus for reasons 1.4 (b) and (d).

¶1. (C) In response to reftel points on the Nabucco Inter-State Agreement (ISA), Bulgarian Energy Envoy Peter Poptchev told us June 1 that as a result of negotiations between project partners May 28-29, the ISA will not reference any specific state in its definition of "initial entry points." He stated that the definition currently reads as follows: "Initial Entry Points shall mean the starting points of the Nabucco Project at any (three) points on the eastern and southern land borders of the Republic of Turkey as selected by Nabucco International Company, and, subject to agreement by the Nabucco Committee in consultation with Nabucco International Company, any other point at the eastern or southern Turkish border." Poptchev noted that the term "three" will remain in brackets in the final text. He also noted that this wording is subject to final approval by the Turkish delegation and subsequent renegotiation if any Turkish suggestions are not acceptable to the European Commission.

¶2. (C) Poptchev said Nabucco negotiators had hoped to conclude the ISA on the afternoon of May 29, and were on track to do so until one unnamed side insisted on clarifying certain tax issues that were originally supposed to be elaborated in a subsequent document. The parties spent several hours trying to solve the tax issue on the afternoon of the 29th, but since there were very few tax specialists present, the meeting broke without agreement. The parties then decided to work out the text via email. If this cannot be done in the coming week, the parties will meet again on June 15 in Vienna. Poptchev said Bulgaria is happy with the text and is ready to sign it.
McEldowney